1999 Interim Results
16 August 1999

Profit before tax up 20% to £112.6 million against £93.8 million
Fully diluted earnings per share up almost 17% to 9.8p from 8.4p
Interim ordinary dividend up 19% to 1.0p per share
Net new business billings of almost £1 billion

- Revenue up 13% to £1.017 billion and up over 11% in constant currencies
- Profit before interest and tax up almost 19% to £128.9 million and up almost 18% in constant currencies
- Operating margin up 0.6% and 0.7% in constant currencies in line with objectives

Profit before tax up 20% to £112.6 million and up over 19% in constant currencies

- Fully diluted earnings per share up almost 17% to 9.8p from 8.4p and up 16% in constant currencies
- Interim ordinary dividend up 19% to 1.0p per share
- Net new business billings of almost £1 billion ($1.6 billion) up 25% over £800 million ($1.3 billion) in comparable period

Summary of Results
The Board of WPP Group plc announces its results for the six months ended 30 June 1999, which show significant continued improvement.
Reportable revenue was up 13% at £1.017 billion. On a constant currency basis revenue was up over 11%.
Profit before interest and tax was up almost 19% to £128.9 million from £108.5 million and up almost 18% in constant currencies.
Reported operating margins rose by 0.6% to 12.7% from 12.1% in line with the Group's financial objectives. In constant currencies the operating margin grew by 0.7%. Operating costs rose by over 11% in reported figures, and rose by over 9% in constant currencies.
The Group's staff cost to revenue ratio fell to 49.6% from 50.2%. On a like-for-like basis the average number of people in the Group was 26,916 in the first half of the year, compared to 26,039 in 1998, an increase of 3.4%. The total number of people in the Group at the half-year end was 27,334 against 25,565 in 1998.
Net interest payable and similar charges increased to £16.3 million from £14.7 million, reflecting improved profitability and liquidity more than offset by the impact of increased interest rates, share repurchases and acquisitions.
Reported profit before tax rose 20% to £112.6 million from £93.8 million. In constant currency pre-tax profits rose by over 19%. Pre-tax margins rose to 11.1% from 10.4%.
The tax rate on profit on ordinary activities fell to 31% from 32% last year.
Fully diluted earnings per share were up almost 17% at 9.8p, and were up 16% in constant currencies.
The Board recommends an increase of 19% in the interim ordinary dividend to 1.0p net per share.

Review of Operations

Revenue by Region

The pattern of revenue growth differed regionally. The table below gives details of the proportion of revenue and revenue growth (on a constant currency basis) by region for the first six months of 1999.

Region	Revenue as a % of total group	Revenue growth % 99/98
North America	44	15.4
UK	21	13.2
Continental Europe	20	12.2
Asia Pacific, Latin America, Africa & Middle East	15-1.6*	
TOTAL GROUP	**100**	**11.4**

* flat excluding impact of Australian de-consolidation

As can be seen, North America, UK and Continental Europe continued to grow strongly. Recovery in Asia Pacific was counter-balanced by continued weakness in Latin America.

Net new business billings of almost £1.0 billion ($1.6 billion) were won in the first half of the year, 25% up on £800 million ($1.3 billion) in the comparable period last year.

Revenue by Communications Services Sector and Brand

The pattern of revenue growth varied by communications services sector and company brand. The table below gives details of the proportion of revenue and revenue growth by communications services sector (on a constant currency basis) for the first six months of 1999.

Communications Services	**Revenue as a % of total group**	**Revenue growth % 99/98**
Advertising, media planning, buying and research	47	3.9
Information and consultancy	19	16.8
Public relations and public affairs*	8	26.1
Branding and identity, healthcare and specialist communications	26	18.2
TOTAL GROUP	**100**	**11.4**

* The revenue figures submitted to the O'Dwyer Report reflect some public relations income which is included here in advertising and specialist communications. Total public relations and public affairs revenues grew almost 25% to $163 million.

Advertising, Media Planning, Buying and Research

On a constant currency basis, combined revenue at Ogilvy & Mather Worldwide (including Cole & Weber and OgilvyOne), J Walter Thompson Company, Conquest and MindShare rose by almost 6%, whilst operating margins continued to improve. Ogilvy & Mather Worldwide, J Walter Thompson Company, Conquest and MindShare generated net new business billings of £700 million ($1.1 billion), double that achieved in the first six months of 1998.

Information and Consultancy

The Group's information and consultancy businesses continued their growth, with revenues increasing by almost 17%, gross profit by 15% and operating profit up over 17%.

Public Relations and Public Affairs

The Group's public relations and public affairs revenues showed significant continued growth, rising over 26%, with operating margins at 14% well beyond previous objectives. 15% operating margins look feasible. Hill and Knowlton's revenues rose over 15% and the company continued to improve its operating margin strongly. Ogilvy Public Relations Worldwide's revenues rose by over 60%, also with significant improvement in its operating margin.

Branding and Identity, Healthcare and Specialist Communications

The Group's branding and identity, healthcare and specialist communications revenues grew over 18% over last year with gross margin up 17% and operating margins improved.

Cashflow and Balance Sheet

A summary of the Group's cashflow statement, balance sheet and notes as at 30 June 1999 are attached as Appendix I.

Improved profitability and cashflow have continued to have a positive effect on the Group's balance sheet and liquidity. In the first half of 1999, profit before interest and tax was £129 million, depreciation £20 million and capital expenditure £22 million. As a result of cash acquisition payments of £54 million and share repurchases of £4 million (these totalling £149 million for the last twelve months and the bulk of which was paid in the third and fourth quarter of 1998), constant currency net debt increased to average £177 million in the first half against £126 million in the comparative period last year.

On 30 June 1999 net bank borrowings were £52 million against £29 million on 30 June 1998 on a constant currency basis.

The Board continues to examine ways of deploying its substantial cashflow of over £200 million per annum to enhance share owner value particularly given that interest cover is almost eight times. As necessary capital expenditure normally approximates to 1-1.2x the depreciation charge, the Company has concentrated on examining possible acquisitions or returning excess capital to share owners in the form of dividends or share buy-backs.

In the first half of 1999, acquisitions have been completed in advertising, media planning, buying and research in Argentina, Brazil, France, Italy, Spain, the UK and the USA; in information and consultancy in Argentina, Mexico and the USA; in public relations and public affairs in the USA; and in branding and identity, healthcare and specialist communications, in Germany, the UK and the USA. Particularly interesting functional acquisitions and investments have been made in the world's leading loyalty marketing company (Brierley Partners), hi-tech public relations and public affairs (Blanc & Otus), sports sponsorship, marketing and public relations (PRISM), corporate reputation research (BPRI), multi-ethnic marketing (MSRC), call center marketing (Center Partners), digital and new media (NoHo), on-line technology advertising (Dazai), airline market research (Jochems Ladendorf), television audience measurement (ILASA) and financial services marketing consultancy (P·Four).

wpp.com

Given the growth of the Group's new media revenues and investments it has been decided to form a new media parent company, wpp.com. Like WPP itself and Kantar, wpp.com will be a parent company seeking to add value in the new technology area to clients and our people and accelerate the development of our interactive capabilities and revenues. wpp.com will co-ordinate all our new media activities across our operating brands. wpp.com's non-executive Chairman will be WPP non-executive director, Esther Dyson, and its Chief Executive will be Eric Salama, WPP's Strategy Director.

If it was a separate company wpp.com's revenues would be estimated at $100 million in 1999 with interests spanning three areas. First, minority investments which WPP has previously made, either directly or indirectly through West Coast based venture funds MTV and MTEP. Companies in which WPP has invested include Peapod, BroadVision, Talk City and Quokka as well as others some of which may be listed shortly, such as Medscape. Investments have totalled approximately $20 million so far. WPP does not consolidate any revenues from these investments but may liquidate the stakes at some stage in the future.

Secondly, minority investments in Internet and interactive marketing services companies such as Syzygy, UK Web Agency of the Year and United Media in Germany. And thirdly, interactive revenues from wholly owned operating companies, the most important of which include OgilvyInteractive, the leading global web development company and recent winner of the majority of the first Cyber Lions at Cannes and AdAge's International Interactive Agency of the Year; JWT Connect; MindShare, which in combination with OgilvyInteractive is the largest buyer of Internet media in the world; MBInteractive, widely regarded as the most advanced Internet-based research company; AlexanderOgilvy and Blanc & Otus, two of the leading hi-tech and web public relations firms in the United States; and Bravant, an Internet-based recruitment company recently spun out of JWT Specialized Communications.

Major clients of wpp.com will include IBM, Ford, Qwest, Mindspring, WebMD, DrKoop, etoys, Ameritrade, Ziff Davis and Double Click. wpp.com's Board will include management from OgilvyInteractive, JWT Digital Communications, Kantar, MBInteractive, Hill and Knowlton, Blanc & Otus, Ogilvy Public Relations Worldwide, AlexanderOgilvy, Bravant and Clever Media. The CEOs of wholly owned new media operating companies will continue to report into their existing management but will have a dotted line responsibility to wpp.com.
In addition to increasing the interim dividend by 19% to £7.8 million or 1.0p per share, the Company has continued its rolling share buy-back programme in the first half of the year by repurchasing 803,000 shares at an average price of £5.13 per share and total cost of £4.1 million. The company's objective remains to buy-back approximately £50 million of shares each year, equivalent to 1-2% of the ordinary share capital.

Client Developments in the First Half of 1999

At the end of the half year, the Group worked with over 330 major national or multi-national clients in three or more functions. This reflects the increasing opportunities for co-ordination between activities both nationally and internationally. The Group also works with well over 100 clients in 6 or more countries. The Group now serves more than 300 of the Fortune 500 and including associates employs over 33,000 people in 950 offices in 92 countries.
The Group estimates that more than 20% of new assignments in the first half of the year were generated through the joint development of opportunities by two or more Group companies.

Current Progress and Future Prospects

The Group's performance has continued to improve in the first half of 1999. Geographically the United States, United Kingdom and Continental Europe have done particularly well with significant improvements in revenue, operating profits and margins. Whilst Asia Pacific has begun to recover, Latin America continues to be weak.

Functionally, advertising has continued to improve its operating profits and margins, whilst information and consultancy, public relations and public affairs and branding and identity, healthcare and specialist communications have continued to improve operating profits or margins at higher levels of revenue growth.

By brand, Ogilvy & Mather Worldwide, Conquest, Millward Brown, Goldfarb Consultants, Kantar Media Research, Hill and Knowlton, Ogilvy Public Relations Worldwide, RTCdirect, Mando Marketing, Coley Porter Bell, Enterprise IG Europe, BDG McColl, Scott Stern, CommonHealth, Management Ventures, The Henley Centre, Savatar, WalkerGroup/CNI, The Geppetto Group, Windi Winderlich, The Food Group, PRISM Group and The Farm all have performed particularly well.

Underlying revenue trends are sound with the Group growing faster than the market and therefore increasing market share. Prospects for the latter half of 1999 look similar to the first half (early indications are that July revenues are up almost 9% on a constant currency basis) and projections for advertising market growth in 2000 look better than 1999 in the range of 5-6%. Continual concerns about stock market valuations and economic over-heating on both sides of the Atlantic are more than balanced by the focus by governments on interest rate policy, the stimulative effects of the 2000 US Presidential Election, the 2000 Olympics and the Millennium itself.

Although market conditions are reasonable, plans, budgets and forecasts of revenues will continue to be made on a conservative basis and considerable attention is still being focused on achieving margin and staff cost to revenue targets. Continued progress is being made in these areas. For example, on a comparable basis, the combined operating margins of Ogilvy & Mather Worldwide, J Walter Thompson Company and MindShare rose to 14.6% from 14.0% in the first half of 1999 compared to the same period in 1998.

In addition to influencing absolute levels of cost, the initiatives taken by the parent company in the areas of human resources, property, procurement, information technology and practice development have improved the flexibility of the Group's cost base.

This will become increasingly important if and when economic activity stalls. Over the last five years fixed staff and property costs have fallen to 51.5% from 56.9% of revenue. The Group continues to improve co-operation and co-ordination between companies in order to add value to our clients businesses and our people's careers, an objective which has been specifically built into short-term incentive plans. Particular emphasis and success has been achieved in the areas of media planning, buying and research, healthcare, privatisation, new technologies, new markets, retailing, internal communications, hi-tech, financial services and media and entertainment.

The Group continues to concentrate on the six objectives of improving operating profits by 15-20% per annum; improving operating margins by 1% per annum or more depending on revenue growth; improving staff cost to revenue ratios by 0.6% per annum or more depending on revenue growth; converting 20-33 1/3% of incremental revenue to profit and growing revenue faster than industry averages; encouraging co-operation between Group companies and improving the quality of the Group's creative product through recruitment, training, career development and acquisition.

As mentioned in the annual report your Board continues to review the competitive environment in relation to compensation for key executives. Plans are being developed internally and in discussion with major share owners. Details will be sent in due course to share owners for their review and approval.

In addition to introducing greater flexibility into its cost structure, the Group is competitively well positioned to weather any economic uncertainty because of its stronger financial position, its geographic spread, its consistent new business record and its competitive strength in information and consultancy, public relations and public affairs and identity and branding, healthcare and specialist communications - particularly as clients decide to spend an increasing proportion of their marketing budgets on "below-the-line" activities.

The Group is in line to achieve its third margin plan targets of 13.4% in 1999 and 14% in 2000. Given the achievement of this plan, consideration is being given to developing a fourth margin plan for further improvement in margin profitability.

Given a stable or improving economic climate the Group should make further progress as operating margins still remain below the achievements of the very best performing competition. The strong start to the first half of 1999 has been further strengthened by significant new business wins since 30 June totalling more than $700 million from Ford (Brazil), Mattel, Miller Brewing, Northwest Airlines, Unilever, WebMD and Wings Alliance.

The only sad piece of news to report so far in 1999 was the death of David Ogilvy, the founder of The Ogilvy Group, which became a part of WPP in 1989. David was Chairman of WPP itself from 1989-1992. He died peacefully at his home, Chateau Touffou at Bonnes, France on July 21 aged 88 and is survived by his wife Herta and son David. There are very few people in the world who made such an impact on our industry. David ranks with the very greatest - Bill Bernbach, Raymond Rubicam, Leo Burnett, Stanley Resor, James Webb Young and perhaps a very few others. No other Briton has made or will make such an impact on our business as David did; not only because of his thinking in relation to advertising and the importance of strategic analysis, creative execution and effective work - but also because there, in his remarkable books, is further evidence of his breadth of vision and foresight. He was amongst the first, if not the first, to identify the importance of recruiting and training the best and brightest young people, the value of effective market research and the significance of direct marketing. In many ways, David foresaw the development of the new technologies which are having such an important influence on our business today.

Perhaps the best way to remember David is the way he wanted to be remembered. In December 1996, at the age of 85, he wrote, "Horace wrote my epitaph, and Dryden translated it into English:

> Happy the man, and happy he alone,
> He who can call today his own;
> He who, secure within, can say,
> Tomorrow, do thy worst, for I have liv'd today."

This announcement has been filed at the Company Announcements Office of the London Stock Exchange and is being distributed to all owners of Ordinary shares and American Depository Receipts. Copies are available to the public at the Company's registered office.

The following cautionary statement is included for safe harbour purposes in connection with the Private Securities Litigation Reform Act of 1995 introduced in the United States of America. This announcement may contain forward-looking statements within the meaning of the US federal securities laws. These statements are subject to risks and uncertainties that could cause actual results to differ materially including adjustments arising from the annual audit by management and the company's independent auditors. For further information on factors which could impact the company and the statements contained herein, please refer to public filings by the company with the Securities and Exchange Commission. The statements in this announcement should be considered in light of these risks and uncertainties.

For further information:

Martin Sorrell
Feona McEwan
+44-20-7408-2204

Andrew Hall
1-212-632-2314